

**REPORT OF THE AUDIT OF THE
FORMER WAYNE COUNTY
CLERK**

**For The Period Ended
January 1, 2009 Through October 20, 2009**



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EXECUTIVE SUMMARY

AUDIT EXAMINATION OF THE FORMER WAYNE COUNTY CLERK

**For The Period
January 1, 2009 Through October 20, 2009**

The Auditor of Public Accounts was engaged to complete the former Wayne County Clerk's audit for the period January 1, 2009 through October 20, 2009. As a result of this engagement, we have issued a disclaimer of opinion on the financial statement of the former County Clerk.

Report Comments:

- 2009-01 The Former County Clerk Had A Deficit Of \$43,242 In Her Official Bank Account As Of October 20, 2009 Of Which \$11,512 Is Still Due
- 2009-02 The Former County Clerk Should Have Deposited Receipts Of \$7,540 Into Her Official Bank Account
- 2009-03 The Former County Clerk Should Have Maintained Adequate Documentation For All Operating Expenditures Of Her Office
- 2009-04 The Former County Clerk Should Have Presented A Settlement Of Accounts To Fiscal Court Upon Vacating The Office
- 2009-05 The Former County Clerk Should Have Issued Receipts For All Monies Received In Her Office
- 2009-06 The Former County Clerk Should Have Prepared And Submitted Quarterly Financial Reports To The Department For Local Government
- 2009-07 The Former County Clerk's Office Had A Lack Of Controls Over Collection Of Receipts, Payment For Goods And Services, Monthly Bank Reconciliations, And Financial Statement Preparation
- 2009-08 The Former County Clerk Should Not Have Commingled Public And Private Funds
- 2009-09 The Former County Clerk Should Not Have Placed Taxpayers At Risk By Voiding Motor Vehicle Transactions
- 2009-10 The Former County Clerk Should Not Have Released Liens On Her Personal Vehicles
- 2009-11 The Former County Clerk Should Pay Additional Occupational Tax Due Of \$170 To Fiscal Court
- 2009-12 The Former County Clerk Should Have Properly Accounted For Receivables

Deposits:

The former County Clerk's deposits were insured and collateralized by bank securities.

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CRIT LUALLEN
AUDITOR OF PUBLIC ACCOUNTS

The Honorable Greg Rankin, Wayne County Judge/Executive
Melissa Turpin, Former Wayne County Clerk
Members of the Wayne County Fiscal Court

Independent Auditor's Report

We were engaged to audit the statement of revenues, expenditures, and excess fees - regulatory basis of the former County Clerk of Wayne County for the period January 1, 2009 through October 20, 2009. This financial statement is the responsibility of the former County Clerk.

As further explained in the accompanying comments and recommendations, the former County Clerk did not maintain a receipts or disbursements ledger and did not prepare a financial statement. The financial statement was prepared from recaps of the daily cash checkout sheets and cancelled checks by the auditor. Furthermore, questionable transactions and discrepancies found in the former Clerk's records identified during the engagement and lack of adequate internal controls resulted in a high level of audit risk.

Since the former County Clerk did not maintain ledgers or prepare a financial statement, auditors recapped records for compilation of the financial statement and audit risk for this engagement was high as discussed in paragraph two, and we were not able to apply other auditing procedures to satisfy ourselves as to the validity of revenues and expenditures, the scope of our work was not sufficient to enable us to express, and we do not express, an opinion on the former Clerk's statement of revenues, expenditures, and excess fees - regulatory basis for the period January 1, 2009 through October 20, 2009.

We were engaged to audit the financial statement referred to above for the purpose of forming an opinion on the financial statement taken as a whole. The accompanying schedule of excess of liabilities over assets - regulatory basis is presented for purposes of additional analysis and is not a required part of the financial statement. As discussed in the third paragraph above, the scope of our work was not sufficient to enable us to express an opinion on the financial statement. Similarly, we are unable to express and do not express an opinion on the accompanying schedule of excess of liabilities over assets in relation to the financial statement.

In accordance with Government Auditing Standards, we have also issued our report dated May 14, 2010, on our consideration of the Wayne County Clerk's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.



The Honorable Greg Rankin, Wayne County Judge/Executive
Melissa Turpin, Former Wayne County Clerk
Members of the Wayne County Fiscal Court

We also present the accompanying comments and recommendations, included herein, which discuss the following report comments:

- 2009-01 The Former County Clerk Had A Deficit Of \$43,242 In Her Official Bank Account As Of October 20, 2009 Of Which \$11,512 Is Still Due
- 2009-02 The Former County Clerk Should Have Deposited Receipts Of \$7,540 Into Her Official Bank Account
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- 2009-08 The Former County Clerk Should Not Have Commingled Public And Private Funds
- 2009-09 The Former County Clerk Should Not Have Placed Taxpayers At Risk By Voiding Motor Vehicle Transactions
- 2009-10 The Former County Clerk Should Not Have Released Liens On Her Personal Vehicles
- 2009-11 The Former County Clerk Should Pay Additional Occupational Tax Due Of \$170 To Fiscal Court
- 2009-12 The Former County Clerk Should Have Properly Accounted For Receivables

This report is intended solely for the information and use of the Former County Clerk and Fiscal Court of Wayne County, Kentucky, and the Commonwealth of Kentucky and is not intended to be and should not be used by anyone other than these specified parties.

Respectfully submitted,



Crit Luallen
Auditor of Public Accounts

May 14, 2010

WAYNE COUNTY
MELISSA TURPIN, FORMER COUNTY CLERK
STATEMENT OF REVENUES, EXPENDITURES, AND EXCESS FEES - REGULATORY BASIS

For The Period January 1, 2009 Through October 20, 2009

Revenues

State Revenue Supplement	\$	57,376
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State Fees For Services		7,421
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Fiscal Court		19,525
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Licenses and Taxes:

Motor Vehicle-

Licenses and Transfers	\$	567,973
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Usage Tax		650,545
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Tangible Personal Property Tax		901,243
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Lien Fees		9,742
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Other-

Fish and Game Licenses		2,343
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Marriage Licenses		5,467
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Occupational Licenses		1,157
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Notary Fees		688
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Deed Transfer Tax		25,400
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Delinquent Tax	197,766	2,362,324
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Fees Collected for Services:

Recordings-

Deeds, Easements, and Contracts		15,859
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Real Estate Mortgages		35,190
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Chattel Mortgages and Financing Statements		39,538
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Powers of Attorney		2,155
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All Other Recordings		30,844
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Charges for Other Services-

Copywork		2,614
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Postage	534	126,734
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Other:

Credit Card Fees		1,050
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Refunds/Overpayments		6,748
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Recycling License Plates		21
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Miscellaneous		2,298
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Bonding Company Refund	11,647	21,764
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WAYNE COUNTY
MELISSA TURPIN, FORMER COUNTY CLERK
STATEMENT OF REVENUES, EXPENDITURES, AND EXCESS FEES - REGULATORY BASIS
For The Period January 1, 2009 Through October 20, 2009
(Continued)

Revenues (Continued)

Interest Earned	\$ 284
Total Deposits Per Daily Check Out Sheets	2,595,428

Expenditures

Payments to State:

Motor Vehicle-

Licenses and Transfers	\$ 402,597
Usage Tax	631,125
Tangible Personal Property Tax	340,075

Licenses, Taxes, and Fees-

Fish and Game Licenses	2,376
Delinquent Tax	29,558
Legal Process Tax	14,683
Affordable Housing Trust	30,534

\$ 1,450,948

Payments to Fiscal Court:

Tangible Personal Property Tax	70,270
Delinquent Tax	22,199
Deed Transfer Tax	23,962
Occupational Licenses	1,044

117,475

Payments to Other Districts:

Tangible Personal Property Tax	455,192
Delinquent Tax	97,509

552,701

Payments to Sheriff 1,560

Payments to County Attorney 29,939

Operating Expenditures and Capital Outlay:

Personnel Services-	
Deputies' Salaries	139,122

WAYNE COUNTY
MELISSA TURPIN, FORMER COUNTY CLERK
STATEMENT OF REVENUES, EXPENDITURES, AND EXCESS FEES - REGULATORY BASIS
For The Period January 1, 2009 Through October 20, 2009
(Continued)

Expenditures (Continued)

Operating Expenditures and Capital Outlay: (Continued)

Contracted Services-

Software Maintenance Agreement	\$	1,200	
Advertising		150	
Printing and Binding		10,757	
Professional Services		313	
Contract Labor:			
Indexing Service		5,903	
Miscellaneous		357	
		<u>357</u>	\$ 18,680

Materials and Supplies-

Office Supplies	11,177
Miscellaneous	1,024

Other Charges-

Conventions and Travel	6,243	
Notary Commission	50	
Postage	125	
Office Cleaning	5,850	
Credit Card Machine Fee	1,766	
Refunds	10,052	
Bond	12,765	
Penalties, Interest, and Bank Charges	5	49,057

Capital Outlay-

Office Equipment	430	
Technology Upgrade	43,635	44,065

Debt Service:

Lease Purchases	<u>1,442</u>
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Total Disbursements Per Bank Statements \$ 2,404,989

Less: Disallowed Expenditures 3,972

WAYNE COUNTY
MELISSA TURPIN, FORMER COUNTY CLERK
STATEMENT OF REVENUES, EXPENDITURES, AND EXCESS FEES - REGULATORY BASIS
For The Period January 1, 2009 Through October 20, 2009
(Continued)

Total Allowable Expenditures		<u>\$ 2,401,017</u>
Net Revenues		194,411
Less: Statutory Maximum		<u>62,470</u>
Excess Fees		131,941
Less: Expense Allowance	\$ 2,931	
Training Incentive Benefit	<u>2,646</u>	<u>5,577</u>
Excess Fees Due County		126,364
Court Order for Distribution of Restitution to Fiscal Court - January 06, 2010		<u>31,730</u>
Balance Due Fiscal Court		<u><u>\$ 94,634</u></u>

WAYNE COUNTY
MELISSA TURPIN, FORMER COUNTY CLERK
SCHEDULE OF EXCESS OF LIABILITIES OVER ASSETS - REGULATORY BASIS

October 20, 2009

Assets

Cash in Bank	\$ 130,131
Deposits in Transit	<u>27,831</u>
Total Assets	157,962

Liabilities

Paid Obligations:	
Outstanding Checks	74,670
Unpaid Obligations:	
Wayne County Fiscal Court	
Occupational Tax	\$ 170
Excess Fees - For The Period January 1, 2009 Through October 20, 2009	<u>94,634</u>
Total Unpaid Obligations	<u>94,804</u>
Total Liabilities	<u>169,474</u>
Total Fund Deficit as of October 20, 2009	<u><u>\$ (11,512)</u></u>

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REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND
ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF THE FINANCIAL
STATEMENT PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS



CRIT LUALLEN
AUDITOR OF PUBLIC ACCOUNTS

The Honorable Greg Rankin, Wayne County Judge/Executive
Melissa Turpin, Former Wayne County Clerk
Members of the Wayne County Fiscal Court

**Report On Internal Control Over Financial Reporting And
On Compliance And Other Matters Based On An Audit Of The Financial
Statement Performed In Accordance With Government Auditing Standards**

We were engaged to audit the statement of revenues, expenditures, and excess fees - regulatory basis of the former Wayne County Clerk for the period January 1, 2009 through October 20, 2009, and have issued our report thereon dated May 14, 2010, wherein we disclaimed an opinion because the former Wayne County Clerk did not prepare a financial statement and did not maintain a receipts and disbursements ledger.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Wayne County Clerk's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statement, but not for the purpose of expressing an opinion on the effectiveness of the County Clerk's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the County Clerk's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with the regulatory basis of accounting such that there is more than a remote likelihood that a misstatement of the entity's financial statement that is more than inconsequential will not be prevented or detected by the entity's internal control over financial reporting. We consider the deficiencies described in the accompanying comments and recommendations to be significant deficiencies in internal control over financial reporting: 2009-01, 2009-02, 2009-03, 2009-05, 2009-07, 2009-08, 2009-09, 2009-10, 2009-11, and 2009-12.



Report On Internal Control Over Financial Reporting And
On Compliance And Other Matters Based On An Audit Of The Financial
Statement Performed In Accordance With Government Auditing Standards
(Continued)

Internal Control Over Financial Reporting (Continued)

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statement will not be prevented or detected by the entity's internal control. Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we consider the significant deficiencies described above to be material weaknesses.

Compliance And Other Matters

As part of obtaining reasonable assurance about whether the former Wayne County Clerk's financial statement for the period January 1, 2009 through October 20, 2009, is free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under Government Auditing Standards and which are described in the accompanying comments and recommendations: 2009-02, 2009- 04, 2009-05, 2009-06, 2009-08, 2009-09, and 2009-10.

This report is intended solely for the information and use of management, the Wayne County Fiscal Court, and the Department for Local Government and is not intended to be and should not be used by anyone other than these specified parties.

Respectfully submitted,



Crit Luallen
Auditor of Public Accounts

COMMENTS AND RECOMMENDATIONS

WAYNE COUNTY
MELISSA TURPIN, FORMER COUNTY CLERK
COMMENTS AND RECOMMENDATIONS

For The Period January 1, 2009 Through October 20, 2009

FINANCIAL STATEMENT FINDINGS:

2009-01 The Former County Clerk Had A Deficit Of \$43,242 In Her Official Bank Account As Of October 20, 2009 Of Which \$11,512 Is Still Unpaid

The former County Clerk is responsible for a deficit of \$43,242 in her official bank account as of October 20, 2009. The deficit resulted from the following:

- Undeposited receipts totaling \$7,540. Auditors recapped each daily checkout sheet from January 1, 2009 through October 20, 2009, compared each total to each daily bank deposit, and concluded there was a total of \$7,540 of undeposited receipts throughout the year. (See Comment **2009-02**) Please note the former County Clerk did not maintain a receipts ledger.
- Operating disbursements of \$3,972 that lacked supporting documentation or explanation (See Comment **2009-03**) Please note the former County Clerk did not maintain a disbursements ledger.
- Current year monies of \$31,730 used to pay prior year excess fees.

As part of her plea agreement and formal sentencing on November 17, 2009 for theft and abuse of public trust, the former County Clerk paid the Wayne County Fiscal Court \$139,986, which covered 2008 excess fees of \$108,256 and the current year monies of \$31,730 used to pay prior year excess fees. As a result, \$11,512 is still due.

As in any office, the County Clerk is expected to deposit all monies paid to her office. She is also expected to expend her fee account monies on allowable expenditures [see **Funk v. Milliken, 317 S.W.2d 499 (KY 1958)**].

When receipts are not deposited into the correct account or not deposited at all, and monies are spent on disallowed expenditures, reports submitted by the County Clerk for external purposes can be inaccurate and the County Clerk is ultimately required to deposit personal funds to cover these items.

We recommend the former County Clerk pay the remaining \$11,512 deficit from personal funds into the 2009 official bank account. Once the deficit is paid, we recommend excess fees of \$94,634 be paid over to the fiscal court.

We are referring this matter to the Kentucky State Police for further review.

County Clerk's Response: No Response.

WAYNE COUNTY
 MELISSA TURPIN, FORMER COUNTY CLERK
 COMMENTS AND RECOMMENDATIONS
 For The Period January 1, 2009 Through October 20, 2009
 (Continued)

FINANCIAL STATEMENT FINDINGS: (Continued)

2009-02 The Former County Clerk Should Have Deposited Receipts Of \$7,540 Into Her Official Bank Account

During our review, auditors recapped each daily checkout sheet from January 1, 2009 through October 20, 2009, compared each total to each daily bank deposit, and concluded there was a total of \$7,540 in undeposited receipts for the period. Please note the former County Clerk did not maintain a receipts ledger.

The State Local Finance Officer was given the authority by KRS 68.210 to prescribe a uniform system of accounts. Page 61 of the *Instructional Guide for County Budget Preparation and State Local Finance Office Policy Manual* states that the minimum requirements for all local government officials (and employees) includes, but is not limited to, daily deposits made intact into a federally insured banking institution, personal funds kept separate from public funds, and disbursements being made by check only.

We recommend the former County Clerk take the steps necessary to comply with KRS 68.210 and reimburse the 2009 official bank account total amount of \$11,512, which includes the \$7,540. (See Comment **2009-01**)

We are referring this matter to the Kentucky State Police for further review.

County Clerk's Response: No Response.

2009-03 The Former County Clerk Should Have Maintained Adequate Documentation For All Operating Expenditures Of Her Office

The auditors met with Former County Clerk on March 9, 2010, and requested but did not receive access to all supporting documentation and/or explanations for operating disbursements tested for the period ended October 20, 2009. Based upon recap of cancelled checks (the former County Clerk did not maintain a disbursements ledger), the former County Clerk is responsible for the following disbursements that either lack supporting documentation or are considered unnecessary expenditures:

County Clerk	Undocumented Travel Expenses	\$	1,078
Employees	Undocumented Travel Expenses		320
Office Supply	Undocumented		503
Advertising	Undocumented and Unallowable		662
Hotels	Insufficient Documentation		1,194
Commonwealth of Kentucky	Undocumented		20
Training	Undocumented		195
			<hr/>
Total		\$	<u><u>3,972</u></u>

WAYNE COUNTY
MELISSA TURPIN, FORMER COUNTY CLERK
COMMENTS AND RECOMMENDATIONS
For The Period January 1, 2009 Through October 20, 2009
(Continued)

FINANCIAL STATEMENT FINDINGS: (Continued)

2009-03 The Former County Clerk Should Maintain Adequate Documentation For All Operating Expenditures Of Her Office (Continued)

In accordance with Funk vs. Milliken, documentation is necessary in order for disbursements to be allowable expenditures. Expenditures not supported are subject to be repaid to the fee account from the official's personal funds. The former County Clerk should personally reimburse the official bank account \$11,512, which includes the \$3,972. (See Comment **2009-1**)

County Clerk's Response: No Response.

2009-04 The Former County Clerk Should Have Presented A Settlement Of Accounts To Fiscal Court Upon Vacating The Office

The former County Clerk did not present a settlement of accounts to the Wayne County Fiscal Court upon vacating the office. According to KRS 64.830, each outgoing official shall make a final settlement with the fiscal court of his county by March 15 immediately following the expiration of his term of office for all money received by him as county official. KRS 64.830 also states the outgoing county official shall be allowed and paid by the fiscal court the reasonable expenses actually incurred in preparing the receipt required under this section. Reasonable expenses actually incurred may include his office expenses and salary, and salaries of deputies and employees paid in accordance with the schedule of the previous year or the amount paid an auditor necessary in determining and verifying the final settlement to the fiscal court. Therefore, the former County Clerk should have presented a settlement of accounts to fiscal court upon vacating her office.

County Clerk's Response: No Response.

2009-05 The Former County Clerk Should Have Issued Receipts For All Monies Received In Her Office

During our review of cash receipts, auditors noted receipts were not issued for all monies received in her office. KRS 64.840 states that except for taxes collected on behalf of the state for which standard receipt forms had been supplied by the state prior to 1974, all county officials shall, upon the receipt of any fine, forfeiture, tax, or fee, prepare a receipt that meets the specifications of the state local finance officer. The former County Clerk should have issued receipts for all money received.

County Clerk's Response: No Response.

WAYNE COUNTY
MELISSA TURPIN, FORMER COUNTY CLERK
COMMENTS AND RECOMMENDATIONS
For The Period January 1, 2009 Through October 20, 2009
(Continued)

FINANCIAL STATEMENT FINDINGS: (Continued)

2009-06 The Former County Clerk Should Have Prepared And Submitted Quarterly Financial Reports To The Department For Local Government

The Department For Local Government (DLG) *Instructional Guide For County Budget Preparation and State Local Finance Officer Policy Manual* requires all County Clerks prepare quarterly financial reports and submit the reports “by the 30th day following the close of each quarter” to DLG, Office of the Governor, Commonwealth of Kentucky. Per DLG, no quarterly reports were submitted by the former County Clerk for the period January 1, 2009 through October 20, 2009. The former County Clerk should have complied with DLG requirements for the period.

County Clerk's Response: No Response.

2009-07 The Former County Clerk's Office Had A Lack Of Controls Over Collection Of Receipts, Payment For Goods And Services, Monthly Bank Reconciliations, And Financial Statement Preparation

During the review of internal controls, we noted the following:

The former County Clerk's office had a lack of controls over collection of receipts, payment for goods and services, and financial statement preparation. In addition there was an absence of proper management oversight to compensate for the lack of controls. We noted receipts were not issued for all monies received in her office (See Comment **2009-5**), daily checkout sheets were altered to agree with the deposits by voiding transactions (See Comment **2009-9**), there was a shortage of \$7,540 (See Comment **2009-2**), there were disallowed expenditures of \$3,972 (See Comment **2009-3**), and the former County Clerk did not complete any monthly, quarterly, or yearly financial statements to the fiscal court (See Comment **2009-4**) or quarterly reports to the Department for Local Government (See Comment **2009-6**).

As stated in previous audit reports the lack of controls or proper oversight could result in misappropriation of assets and/or inaccurate financial reporting to the fiscal court and external agencies such as the Department for Local Government, which could occur but go undetected.

Proper controls could have prevented a deficit, disallowed expenditures, and improper handling of motor vehicle liens and licensing.

County Clerk's Response: No Response.

WAYNE COUNTY
MELISSA TURPIN, FORMER COUNTY CLERK
COMMENTS AND RECOMMENDATIONS
For The Period January 1, 2009 Through October 20, 2009
(Continued)

FINANCIAL STATEMENT FINDINGS: (Continued)

2009-08 The Former County Clerk Should Not Have Commingled Public And Private Funds

During the review of deposits and recap of daily checkout sheets, auditors noted the former County Clerk issued \$1,134 in personal insufficient fund checks to her official bank account. Of this amount a \$500 personal check was used to obtain cash for the former County Clerk. The total amount of insufficient funds was reimbursed to the official bank account during the audit period. In addition, on August 5, 2009 auditors noted a check written to the former County Clerk's husband in with the daily bank deposit. It appears the check was cashed from the daily fee receipts. KRS 64.850 – Commingling of Public and Private Funds Prohibited, states that it “shall be unlawful for any county official to . . . withdraw public funds for any purpose other than that for which they were received and deposited.” The former County Clerk should not have commingled public and private funds.

County Clerk's Response: No Response.

2009-09 The Former County Clerk Should Not Have Placed Taxpayers At Risk By Voiding Motor Vehicle Transactions

During the engagement, auditors were informed of two taxpayers who came into the current County Clerk's office inquiring about their vehicle titles. Neither taxpayer had received their vehicle titles after licensing and both taxpayers had proof of payment along with the certificate of registration. After researching these incidents, auditors determined the former County Clerk, identified by the user identification number, had collected the monies from the taxpayers but had voided the transactions in the AVIS system on the same date. Neither the money collected nor the transactions were included on the Usage Tax, Registration Fee, nor Title Fee reports as being collected on that date. Due to the two incidents noted above, auditors requested and received a report of all voided transactions from the Department of Transportation. Testing was expanded to include all voided transactions during 2009. However, we were unable to make an accurate determination of the number or amount of incorrect voided transactions. Additional transactions may become known throughout the current year.

The Former County Clerk should not have placed taxpayers at risk by voiding motor vehicle transactions. If a taxpayer had been involved in an accident or had their car tags checked for any reason, law enforcement would have noted from the AVIS system that the plate and decal had been cancelled. In addition to the plate and decal being cancelled, the title would have been shown as surrendered; therefore, it would not have been legal to sell or transfer that particular vehicle. In other words, the taxpayer was operating a motor vehicle with an invalid license title and registration, which is unlawful.

We are referring this matter to the Kentucky State Police and Kentucky State Attorney General for further review.

County Clerk's Response: No Response.

WAYNE COUNTY
MELISSA TURPIN, FORMER COUNTY CLERK
COMMENTS AND RECOMMENDATIONS
For The Period January 1, 2009 Through October 20, 2009
(Continued)

FINANCIAL STATEMENT FINDINGS: (Continued)

2009-10 The Former County Clerk Should Not Have Released Liens On Her Personal Vehicles

During the engagement, auditors were made aware that several of the former County Clerk's personal vehicles' liens were inappropriately released through the AVIS system and transferred. In addition to her personal vehicles, there were others which are now in litigation. The liens were not released by the lending institution; therefore, no documentation was filed. KRS 186A.280 states, "no county clerk or other person shall knowingly enter any information or record into a telecommunications terminal or other device connected to the automated vehicle registration and titling system, knowing that the information or record entered into such device is false, fraudulent, illegitimate, or contains erroneous information." KRS 186A.275 states, "no county clerk or other person who is authorized to utilize the automated vehicle registration and titling system, shall knowingly enter into such system, information enabling the system to produce a certificate of title and registration, certificate of registration, or certificate of title, or enter the record of a lien or its release, unless he has in his official custody at the time he enters such information into the system, an application which he believes to be bona fide and in proper form, or if the information entry involves a lien, a proper financing or termination statement, which is consistent with the information he enters." Auditors requested and received a report of all liens that were released during the 2009 calendar year from the Department of Transportation. We tested a sample of liens released by sending confirmations to secured parties on record. The results of confirmations resulted in additional liens being released inappropriately, which were subsequently corrected by the current County Clerk.

We are referring this matter to the Kentucky State Police and Kentucky State Attorney General for further review.

County Clerk's Response: No Response.

2009-11 The Former County Clerk Should Pay Additional Occupational Tax Due Of \$170 To Fiscal Court

During testing of occupational license fees, auditor noted an additional \$170 due to the Wayne County Fiscal Court. We recommend the former County Clerk remit to Wayne County Fiscal Court additional occupational tax due of \$170.

County Clerk's Response: No Response.

WAYNE COUNTY
MELISSA TURPIN, FORMER COUNTY CLERK
COMMENTS AND RECOMMENDATIONS
For The Period January 1, 2009 Through October 20, 2009
(Continued)

FINANCIAL STATEMENT FINDINGS: (Continued)

2009-12 The Former County Clerk Should Have Properly Accounted For Receivables

During the engagement, auditors noted the former County Clerk allowed customers to charge for services rendered by the County Clerk's office. In past audits, the former County Clerk stated she maintained a journal for the charges, but no journal was available for auditors to review for the current audit. Auditors noted a folder titled "Charges Paid" containing charge tickets which were marked paid. Auditors recapped all charge tickets and traced and agreed amounts to the daily checkout sheets. However, auditors were unable to determine if all charges were accounted for and paid in full. Therefore, the former County Clerk should have accounted for receivables properly and maintained a receipts ledger, thus ensuring all accounts were paid in full for the period tested.

County Clerk's Response: No Response.

